



**MONTANA
TEACHERS' RETIREMENT SYSTEM**

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**MODEL RESOLUTION FOR PURCHASING
SERVICE CONTRIBUTIONS TAX-DEFERRED**

TRS Office Use Only

Resolution _____ of the _____ of _____
(#) (Board of Directors, Trustees, etc) (School District Name & Number)

Whereas, _____ (hereinafter referred to as the
(School District Name and Number)

"Employer") is an employer whose employees participate in the Montana Teachers' Retirement System ("TRS") pursuant to § 19-20-101, MCA; and,

Whereas, the _____ (hereinafter referred to as the
(Board of Directors, Trustees, etc)

"Governing Body") of the Employer has determined it would be in the best interest of its' employees to provide a pick-up of employee contributions under Section 414(h)(2) of the Internal Revenue Code of 1986 for contributions that are made for the purpose of purchasing service credit under § 19-20-401, et seq, and/or redepositing amounts withdrawn under § 19-20-602(2), MCA; and,

Whereas, under § 19-20-415, MCA, in order to effectuate this pick-up the Governing Body must adopt a resolution to pick up the member's contributions made pursuant to a binding, irrevocable payroll deduction authorization; and,

Whereas, the contributions picked up by the Employer must be payable from the same source as is used to pay compensation to the employee;

Now, therefore, be it resolved by the Governing Body of the Employer as follows:

Section 1. That, employee contributions made (pursuant to a binding, irrevocable payroll deduction authorization to have such contributions picked up) for the purpose of purchasing service under § 19-20-401, et seq, and/or redepositing amounts withdrawn under § 19-20-602(2), MCA, even though designated as employee contributions for state law purposes, are being paid by the Employer to the TRS in lieu of the contributions by the employee.

Section 2. That, if the employee desiring to have contributions picked up executes a binding, irrevocable payroll deduction with respect to these contributions the employee shall not be entitled to any option of choosing to receive the contributed amounts directly instead of having them paid by the Employer to the TRS.

Section 3. That, with respect to any employee's contributions the effective date of the pick-up by the Employer is the later of:

- (a) the adoption of this resolution; or
- (b) the execution of the payroll deduction authorization form.

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This pick-up does not apply to any contributions made before the effective date or to any contribution that relates to compensation earned for services before the effective date.

Section 4. That, any payroll deduction authorizations in effect as of the effective date of this resolution are void and an employee who wishes to have payroll deductions made for the purpose of purchasing service or redepositing withdrawn amounts must follow the procedures specified in Section 5 of this resolution.

Section 5. That, an employee who wishes to redeposit amounts withdrawn under § 19-20-602(2), MCA, or to purchase service credit under § 19-20-401 et seq, MCA, shall make the following series of elections with regard to these actions:

(a) The employee may elect a lump sum payment, a series of installments, or a combination of lump sum payments and installments.

(b) If a series of installment payments is elected by the employee, he/she may elect to pay the installments directly to the TRS, have the installments made payable by payroll deduction, or the employee may select a combination of both.

(c) With respect to installments payable by payroll deduction, the employee must execute a binding, irrevocable payroll deduction authorization to have these installment contributions picked up by the participating employer.

Section 6. That, contributions made pursuant to Section 5(c) of this resolution are designated as being picked up by the employer and paid from the same source as the payment of salary to these employees.

Section 7. That, this resolution takes effect _____.
(Effective Date)

Adopted this ____ day of _____, _____ by the Governing Body of the Employer.

Signature of Authorized Representative or Employer

Name and Title of Authorized Representative (please print): _____

Address of School District: _____

Telephone Number of School District: _____

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT OF 1992,
ALTERNATIVE ACCESSIBLE FORMATS OF THIS DOCUMENT WILL BE PROVIDED UPON REQUEST